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George Kiriakos  
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January 20, 2009

Gavin Cohen  
Director of Finance  
City of Rockville  
111 Maryland Avenue  
Rockville, MD 20854

**RE: Proposal for Investment Consulting Services OPEB Trust Fund**

Dear Gavin:

Based on our conversation, we are pleased to submit this proposal to provide Investment Consulting Services for the OPEB Trust Fund. We understand that we are to be retained to prepare an analysis to assist the Board in establishing an initial target allocation for the Trust as well as assist in the selection of appropriate investment vehicles to fulfill the mandates established by the investment strategy study.

Specifically, we will prepare a stochastic efficient frontier analysis and appropriate exhibits to allow the Board to assess the risk and return characteristics of various portfolios that may be considered for the target allocation. The analysis will include a study of the probability of achieving various levels of expected return as well as an indication of how the assets may grow over time based on those return expectations. We understand the program is to be funded with an initial contribution of \$1.3 million with future contributions of a similar size to be made in year 3 and possibly beyond and will that the fund will likely not have any short term liquidity needs.

Furthermore, we will review the available investment vehicles provided by both ICMA and Principal to see if either organization has products to meet your needs. We may also solicit another investment manager who would be willing to tailor a product specifically for your fund.

Our proposed agreement for conducting both portions of this project is a one time fee of \$10,000. We expect to be able to complete the assignment within a fairly brief time period (6-8 weeks) once approved and would include a meeting with the Board to discuss our findings in our fee.

We appreciate your consideration of Segal Advisors for this assignment and look forward to working with you and the Board.

Sincerely,

A handwritten signature in black ink, appearing to read "George Kiriakos".

George Kiriakos

If this proposal meets with your approval please indicate by signing below:

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On behalf of the City of Rockville OPEB Trust Fund

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